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FBI knew of North's contra work

*Webster
says bureau
lost memo*

tions from specific individuals to the contras at a time when Congress had cut off all U.S. government aid.

Webster, testifying at the third and final day of a hearing on his nomination as CIA director, vehemently declared that North "had no pipeline into the FBI." Webster said he first learned about the FBI's interview of North less than three weeks ago.

The FBI documents also showed that North sought a year ago to delay a federal grand jury appearance in Philadelphia by an associate who was involved in assisting the contras.

In April 1986, North asked Webster's top aide, Oliver "Buck" Revell, to seek a postponement of testimony by Richard R. Miller, a Washington public relations executive whose company had been hired by the State Department in 1985 to lobby for the contra cause in the United States.

The grand jury was investigating the Iranian who posed as a prince, Mousalreza Ebrahim Zadeh.

Webster said yesterday that Revell should have informed him about North's attempted intervention, but did not. However, Webster called it "inadvertent... clearly an oversight on his part."

Both North and Miller were named Wednesday by Carl R. "Spitz" Channell as his co-conspirators in defrauding the government of taxes in a multimillion-dollar scheme to use a nonprofit corporation to buy weapons for the contras. Channell, a conservative fund-raiser, pleaded guilty to the conspiracy charge.

The FBI interviewed North in connection with the investigation of Zadeh.

Known as "the prince," Zadeh promised in 1985 to make Miller the exclusive American sales agent for Saudi oil in a scheme to raise mil-

lions of dollars for the contras. Instead, Zadeh bilked more than \$250,000 from Miller, according to federal court records and interviews, and Zadeh was sentenced in February to prison for a separate swindle involving William Penn Bank of Philadelphia. In that case, Zadeh defrauded the bank and its former president of about \$260,000.

Zadeh has contended that he was working as a CIA operative and that he had provided information to the CIA about the American hostages being held in Lebanon.

FBI records have indicated that Miller was so convinced that Zadeh was genuine that he tried to block an investigation of the Philadelphia bank fraud, saying that "the prince" was "involved with the National Security Council."

An FBI summary of the investigation compiled this month said that North warned FBI agents that a prompt FBI interview of Zadeh "might reverse [Zadeh's] decision to make a donation" to the contras.

On July 30, North told FBI agents that Miller and Zadeh were in Europe arranging for money to be transferred from Zadeh to the contras, the summary said.

A day later, a teletyped FBI message relayed to the FBI's white-collar crimes section its "first knowledge of North's facilitating the channeling of funds to the Nicaraguan Freedom Fighters. This information was reviewed by the Financial Crimes Unit, White-Collar Crimes Section, Criminal Investigative Division, and was not disseminated further," the FBI summary said.

The summary, which Webster sent to the intelligence committee less than three weeks ago, said that Revell, at North's request, asked an assistant federal prosecutor in Philadelphia to postpone Miller's grand jury appearance.

However, in a memo written four days later, Revell recalled that he had not actually asked for a postponement.

The Washington Post contributed to this article.

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WASHINGTON — The FBI learned in July 1985 that Oliver L. North was "facilitating the channeling of funds" to the Nicaraguan contras, but did nothing about it, according to FBI documents made public yesterday by the Senate Intelligence Committee.

FBI Director William H. Webster told the committee that a memo containing that information, obtained at a time when U.S. assistance to the contras was illegal, was sent to FBI headquarters but arrived in a "garbled" form due to a "technological failure."

"The document was lost at headquarters," Webster said.

The information was obtained in an FBI agent's interview of North on July 18, 1985, 16 months before the Iran-contra scandal broke, the documents showed.

North also told the FBI that he had discussed with President Reagan and former national security adviser Robert C. McFarlane a proposed donation to the contras by an Iranian posing as a Saudi prince as recently as June 1985.

The FBI notes on the interview provide the first documented suggestion that North spoke directly with the President about private dona-